

Message Text

LIMITED OFFICIAL USE

PAGE 01 MOSCOW 09503 011733Z
ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 /020 W
-----026990 020307Z /65

R 011510Z JUL 77
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 9356
USDOC WASHDC
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW
AMCONSUL LENINGRAD
AMEMBASSY BRUSSELS

LIMITED OFFICIAL USE MOSCOW 9503

FOR EUR/SOV (EDGAR)
FOR BEWT/TDAD (STECHSCHULTE); BEWT/USSR (HEISS)
VIENNA FOR VONTILLIUS

E.O. 11652: NA
TAGS: BEXP, EIND, UR
SUBJECT: PROBLEMS WITH PROPOSED BENDIX - SOVIET SPARK PLUG PROJECT

REF: MOSCOW 444 (B) 76 MOSCOW 13883

SUMMARY: ON JUNE 23, DISCUSSION WITH GOSPLAN OFFICIAL,
LATTER COMMENTED TO COMOFF THAT PROBLEMS HAD ARISEN WITH
PROPOSED BENDIX SPARK PLUG COMPENSATION PROJECT BECAUSE OF
STIFFER DEMANDS SET FORTH BY SOVIET MINISTRY OF AUTOMOTIVE
INDUSTRY. GOSPLAN OFFICIAL'S COMMENT, TOGETHER WITH REMARKS BY
BENDIX SENIOR V-P JACOBSON DURING MOSCOW VISIT AWHILE BACK TO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MOSCOW 09503 011733Z

EFFECT THAT FIRM BECOMING INCREASINGLY IMPATIENT WITH
SOVIETS' NEGOTIATING TACTICS AND THUS IS ACTIVELY LOOKING
ELSEWHERE, INDICATIONS THAT CHANCES ARE FADING FOR CONCLUSION
OF WHAT WOULD BE PRECEDENT SETTING US-SOVIET
INDUSTRIAL COOPERATION PROJECT. END SUMMARY.

1. COMOFF DISCUSSED CURRENT STATUS BENDIX NEGOTIATIONS

ON PROPOSED SPARK PLUG COMPENSATION PROJECT, WITH N.L. DVORETS OF USA SECTION GOSPLAN AT RECEPTION JUNE 23. (PROJECT ((REF B)) FORESEES ERECTION OF SPARK PLUG FACILITIES IN USSR WITH BENDIX QUASI-MANAGERIAL PARTICIPATION PRODUCING SPARK PLUGS BEARING "AUTO-LITE" TRADEMARK. COMPENSATORY PAYMENT FOR PLANT WOULD COME FROM HARD CURRENCY EXPORTS FROM FUTURE PRODUCTION.) DVORETS COMMENTED THAT DISCUSSIONS WERE CURRENTLY AT STANDSTILL AND IN BURSE OF CANDOR SELDOM HEARD IN MOSCOW BLAMED BREAKDOWN OF PROGRESS ON RIGIDITY OF SOVIET SIDE. HE STATED THAT BENDIX AND MINISTRY OF AUTOMOTIVE INDUSTRY HAD AT ONE POINT BEEN "VERY CLOSE TO AGREEMENT"; HOWEVER, MINISTRY HAD RECENTLY STIFFENED ITS POSITION AND HAD ASKED BENDIX TO SUBMIT NEW PROPOSALS IN EFFORT TO OBTAIN MORE FAVORABLE PRICES. DVORETS CONTINUED THAT HE HAD LITTLE SYMPATHY FOR MINISTRY'S HARDENED POSITION WHICH HE FEARED WAS SIGNIFICANTLY REDUCING CHANCES FOR CONCLUSION OF SIZEABLE AS WELL AS HIGHLY VISIBLE AMERICAN-SOVIET COMPENSATION PROJECT. WHILE, ACCORDING TO DVORETS, GOSPLAN NOT DIRECTLY INVOLVED WITH BENDIX NEGOTIATIONS, USA SECTION HAS FOLLOWED PROGRESS OF DISCUSSION WITH CONSIDERABLE INTEREST. (SAME IS TRUE OF USA/CANADA INSTITUTE).

2. GOSPLAN OFFICIAL'S COMMENTS COMPLEMENT THOSE OF BENDIX V-P JACOBSON WHO INFORMED COMATT DURING COURSE OF RECENT VISIT TO MOSCOW THAT BENDIX BECOMING LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MOSCOW 09503 011733Z

INCREASINGLY DISENCHANGED WITH PROPOSED PROJECT DUE TO SOVIETS' DILATORY NEGOTIATING TACTICS AND TENDENCY CONTINUALLY TO UP THE ANTE. BENDIX HAD A NUMBER OF ALTERNATIVE INVESTMENT OPPORTUNITIES IN WESTERN EUROPE, PARTICULARLY IN SPAIN, WHICH WERE INCREASINGLY ATTRACTIVE OPTIONS TO PROPOSED SOVIET PROJECT. JACOBSON UNDERSCORED HIS IMPATIENCE BY COMMENTING THAT IF SOVIETS WERE TO REJECT BENDIX PROPOSALS AT THIS JUNCTURE, FIRM WOULD BE "JUST AS HAPPY."

3. COMMENT: WE HAVE BEEN HEARING FOR SOME TIME THAT THIS INTERESTING PROJECT IS RUNNING INTO DIFFICULTIES. ONE VERSION IS THAT SOVIETS HAVE PRESSED BENDIX TO ASSUME ADDITIONAL OBLIGATIONS WHICH WOULD GO BEYOND ITS ABILITY TO CONTROL. THERE IS SERIOUS QUESTION AS TO HOW MUCH "ADVICE" SOVIETS WOULD BE WILLING TO ACCEPT FROM ANY FOREIGN FIRM; ON THE OTHER HAND, BENDIX HAS ALWAYS MADE CLEAR IT WISHES TO SAFEGUARD PRESTIGE OF "AUTO-LITE" TRADEMARK. THE MOST UNUSUAL ADMISSION BY A SOVIET (GOSPLAN) OFFICIAL PRIVY TO TALKS TO EFFECT THAT SOVIET SIDE IS TO BLAME FOR FAILURE TO MAKE PROGRESS WE TAKE AS SERIOUS INDICATOR OF FRUSTRATION OVER STUBBORN PERFORMANCE OF SOVIET

MINISTRY DIRECTLY CONCERNED WITH BENDIX NEGOTIATIONS.
GOSPLAN'S WILLINGNESS -- OR EVEN ABILITY -- TO INTERVENE
IN ORDER TO GET TALKS ROLLING AGAIN IS, HOWEVER, OPEN TO
QUESTION. MINISTRY OF FOREIGN TRADE IS MEANWHILE MAINTAINING
ITS USUAL POKER FACE. ASKED THREE WEEKS AGO ABOUT
STATUS OF TALKS WITH BENDIX, DEPUTY CHIEF OF MFT'S MAIN
ADMINISTRATION FOR COMPENSATION PROJECTS PONOMAREV COMMENTED
THAT NEGOTIATIONS WERE PROCEEDING SATISFACTORILY AND HE
WAS OF OPINION THAT AGREEMENT WOULD BE REACHED IN NOT-TOO-
DISTANT FUTURE. END COMMENT.

4. WE WILL CONTINUE TO REPORT WHAT WE CAN ABOUT NEGOTIATING
DEVELOPMENTS IN THIS FIRST-OF-ITS-KIND PROPOSAL
FOR US-SOVIET COMPENSATION PROJECT INVOLVING USE OF US
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MOSCOW 09503 011733Z

TRADEMARK. MATLOCK

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AUTOMOTIVE INDUSTRY, SPARE PARTS, NEGOTIATIONS, AUTOMOBILES
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MOSCOW09503
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770236-0605
Format: TEL
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770798/aaaadhgx.tel
Line Count: 137
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6fe17f72-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 MOSCOW 444, 76 MOSCOW 13883
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1984660
Secure: OPEN
Status: NATIVE
Subject: PROBLEMS WITH PROPOSED BENDIX - SOVIET SPARK PLUG PROJECT
TAGS: BEXP, EIND, UR, US, BENDIX
To: STATE COM
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/6fe17f72-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009